

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Worcester Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: May 24, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.625% to 7.50%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Results for the City of Worcester Retirement System

CHART 16

Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2010 ERI Liability	(5) Amortization of Remaining Unfunded Liability	(6) Total Plan Cost: (2) + (3) + (4) + (5)	(7) Total UAAL at the Beginning of the Fiscal Year	(8) Total Plan Cost % Increase
2017	\$11,264,840	\$1,535,231	\$548,435	\$31,063,484	\$44,411,990	\$453,727,101	--
2018	11,588,731	1,535,231	548,435	32,516,073	46,188,470	461,760,827	4.00%
2019	11,979,856	--	548,435	36,362,205	48,890,496	476,697,993	5.85%
2020	12,444,349	--	548,435	38,757,806	51,750,590	497,072,482	5.85%
2021	12,926,750	--	548,435	41,302,814	54,777,999	509,293,403	5.85%
2022	13,427,748	--	--	44,554,764	57,982,512	502,500,317	5.85%
2023	13,948,056	--	--	47,426,433	61,374,489	492,291,469	5.85%
2024	14,488,414	--	--	50,476,483	64,964,897	478,229,914	5.85%
2025	15,049,592	--	--	53,715,751	68,765,343	459,834,939	5.85%
2026	15,632,389	--	--	57,155,727	72,788,116	436,578,127	5.85%
2027	16,237,632	--	--	60,808,588	77,046,220	407,879,080	5.85%
2028	16,866,183	--	--	64,687,241	81,553,424	373,100,779	5.85%
2029	17,518,935	--	--	68,805,365	86,324,300	331,544,553	5.85%
2030	18,196,816	--	--	73,177,455	91,374,271	282,444,628	5.85%
2031	18,900,788	--	--	77,818,878	96,719,666	224,962,211	5.85%
2032	19,631,850	--	--	82,745,916	102,377,766	158,179,083	5.85%
2033	20,391,042	--	--	81,090,654	101,481,696	81,090,654	-0.88%
2034	21,179,441	--	--	--	21,179,441	--	-79.13%

Notes: Recommended contributions are assumed to be paid at the beginning of the fiscal year.

Item (2) reflects 2.5% growth in payroll for 2016 and 2017 and 3.5% growth in payroll thereafter, as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.

Projected unfunded actuarial accrued liability reflects deferred investment losses. Recognizing deferred investment losses means the System is anticipating investment losses on an actuarial basis.

Fiscal 2017 contribution set at budgeted amount.

Projected normal cost does not reflect the future impact of pension reform for future hires.